

**MUNICIPAL FIRE AND POLICE
RETIREMENT SYSTEM OF IOWA**

ACTUARIAL VALUATION REPORT

JULY 1, 2004

September 24, 2004

PERSONAL & CONFIDENTIAL

Board of Trustees
Municipal Fire and Police Retirement System of Iowa
2836 – 104 Street
Des Moines, IA 50322

RE: July 1, 2004 Actuarial Report

Dear Board Members:

We are pleased to submit this actuarial report of the Municipal Fire and Police Retirement System of Iowa. The costs developed and presented in this report are based on asset values as of June 30, 2004, member census data as of July 1, 2004, and current System provisions, all of which were supplied by the Municipal Fire and Police Retirement System of Iowa.

The purposes of the actuarial report are:

1. To determine the normal contribution rate which is payable by the Cities under Chapter 411 of the Code of Iowa;
2. To determine the funded status of the System; and
3. To provide information relating to the disclosure requirements of the Governmental Accounting Standards Board (GASB) Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans.

All costs and liabilities were determined in accordance with generally accepted actuarial principles and procedures. To the best of our knowledge, the information supplied in this report is complete and accurate. The amounts presented in the accompanying report have been determined appropriately according to the actuarial assumptions and methods stated herein, and fully and fairly disclose the actuarial position of the System.

Sincerely,

Donn B. Jones, FSA
Principal
Member of American Academy
of Actuaries
Enrolled Actuary No. 02-2717

Glen C. Gahan, FSA
Principal
Member of American Academy
of Actuaries
Enrolled Actuary No. 02-4875

ME/dm

Enclosure

TABLE OF CONTENTS

	<u>Page</u>
Report Highlights	1
Comments On The Valuation	2
Actuarial Valuation Results	5
System Experience	12
Summary Of Actuarial Assumptions	13
Summary Of Actuarial Methods	17
Summary Of System Provisions	18
Summary Of System Members	23

REPORT HIGHLIGHTS

This section compares results of the current and prior two actuarial valuations. Additional supporting detail is available in other sections of the report. The Table of Contents on the prior page identifies the location of the supporting detail.

	<u>2002</u>	As of July 1 <u>2003</u>	<u>2004</u>
Cities Recommended Contribution	\$ 35,459,256	\$ 44,953,249	\$ 52,729,971
Normal Contribution Rate	20.48%	24.92%	28.21%
Plan Assets			
Market Value	1,104,502,423	1,137,102,633	1,323,691,524
Actuarial Value	1,269,716,305	1,255,190,585	1,272,587,580
Investment Return			
Market Value	-2.8%	5.2%	18.5%
Actuarial Value	2.1%	0.8%	3.1%
Actuarial Present Value of Accrued Benefits			
Total Accrued Benefits (Security Ratio)	1,354,453,231 (82%)	1,429,109,638 (80%)	1,511,241,555 (88%)
Vested Accrued Benefits (Security Ratio)	1,283,546,962 (86%)	1,370,031,971 (83%)	1,464,903,529 (90%)
Annual Participating Payroll	173,140,899	180,390,246	186,919,429
Annual Pension Benefits			
Service Retirement	33,356,264	36,608,964	40,080,468
Disabled Retirement	23,930,203	25,314,936	26,855,340
Vested Retirement Beneficiaries	1,516,706 9,604,582	1,726,320 10,266,336	1,965,372 11,000,700
Total	\$ 68,407,755	\$ 73,916,556	\$ 79,901,880
Number of Members			
Active	3,805	3,825	3,775
Disabled	985	1,000	1,021
Retirees & Beneficiaries	2,263	2,329	2,398
Vested Terminated	244	253	252
Total	7,297	7,407	7,446

COMMENTS ON THE VALUATION

Cities Recommended Contribution

The recommended contributions for the Retirement System are determined using the Aggregate actuarial cost method as required by Chapter 411 of the Code of Iowa. The same method has been used in prior years to determine the contribution for the Retirement System.

We recommend a contribution of \$52,729,971 be made for the 2004 plan year. This is equal to a contribution rate of 28.21% of payroll. This rate assumes that the State of Iowa will contribute approximately \$2,745,784 for the 2004 plan year.

The Retirement System's normal contribution rate increased from the 24.92% for 2003 to 28.21% for 2004. The Retirement System's contribution rate before any adjustment to the minimum contribution rate changed as follows:

July 1, 2003 normal contribution rate	24.92%
<ul style="list-style-type: none"> • Increase in contribution rate due to lower State contribution • Plan experience less favorable than assumed • Asset investments less favorable than assumed • Changes in System provisions • Changes in actuarial assumptions 	0.09% 0.38% 2.82% 0.00% <u>0.00%</u>
Preliminary normal contribution rate	28.21%
<ul style="list-style-type: none"> • Increase necessary to meet minimum contribution rate 	0.00%
July 1, 2004 normal contribution rate	28.21%

Actuarial Present Value of Accrued Benefits

The value of plan assets, the present value of vested accrued benefits, and the present value of accrued benefits are displayed and compared in this section of the report. Plan assets are valued at market value. The present value of vested accrued and accrued benefits is based on actuarial assumptions that anticipate the System will continue. Summarizing from this section of the report:

	Values as of <u>July 1, 2004</u>	Funded Ratio		
		<u>2002</u>	<u>2003</u>	<u>2004</u>
Market Value of Plan Assets	\$1,323,691,524	--	--	--
Actuarial Present Value:				
Accrued Benefits	1,511,241,555	82%	80%	88%
Vested Accrued Benefits	1,464,903,529	86%	83%	90%
Interest Rate		7.5%	7.5%	7.5%

Changes in System Provisions

All System provisions remained unchanged from the prior valuation.

Change in Actuarial Assumptions

Beginning with the July 1, 1999 actuarial valuation, mortality improvements represented by published mortality tables will be phased in over the next several years. The July 1, 2004 actuarial valuation would normally reflect an additional one-year step in a plan to complete the phase-in of the 1994 Group Annuity Mortality Table by the July 1, 2010 actuarial valuation. However, the additional one-year step has been deferred based on the Mortality Table Assumption Policy described below. All actuarial assumptions remained unchanged from the prior valuation.

Mortality Table Assumption Policy

In November 1999, the Board of Trustees adopted a policy to phase into the 1994 Group Annuity Mortality Table consistent with the funding capacities of the sponsoring Cities. A multiple year phase-in to the 1994 Group Annuity Mortality Table was recommended. The phase-in period of the 1994 Group Annuity Mortality Table should range from 6 to 20 years measured from 1999.

Government Accounting Standards Board Disclosure

Measurements used to evaluate the funding status of the system are based on procedures set forth by GASB (Government Accounting Standards Board). In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, GASB has issued Statement No. 25 — Financial Reporting for Defined Benefit Pension Plans.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules, the Schedule of Funding Progress and Schedule of Employer Contributions, and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress is not required for systems which use the Aggregate Method to determine the Annual Required Contribution (ARC). Since the Retirement System uses the Aggregate Method to determine the ARC, this schedule has not been developed.
- The Schedule of Employer Contributions provides historical information about the Annual Required Contribution (ARC) and the percentage of the ARC that was actually contributed. For the Retirement System, the ARC is equal to the normal contribution rate multiplied by the covered payroll for the year or \$55,477,687 for 2004. This is the total ARC before any adjustment for minimum contribution rates or state contributions.

Covered Members

Ages of Active Members — The average age of the active members has slightly increased. The average age of members included in the valuation was 40.0 for the current year and 39.8 in the prior year.

Service of Active Members — The average service of the active members has slightly increased. The average service of members included in the valuation was 13.2 for the current year and 13.1 in the prior year.

Participating Compensation and Members — Total participating compensation increased from \$180,390,246 to \$186,919,429, a 3.6% increase. The number of active members decreased from 3,825 in 2003 to 3,775 in 2004.

Average Annual Compensation — The average compensation of active members is more than the average compensation for the prior year. The average compensation was \$47,161 for 2003 and \$49,515 in 2004.

ACTUARIAL VALUATION RESULTS

This section of the report provides information concerning the valuation of Retirement System assets and liabilities. The following is a brief description of the exhibits and of how the information is organized.

Retirement System Assets — Retirement System assets are amounts that have accumulated and will be used to meet future benefit obligations. In the Retirement System Assets exhibit, trust fund transactions reported by the system are traced from the prior valuation date to the current valuation date. In addition, the actuarial value of assets is developed based on the prescribed method.

Retirement System Liabilities and Contributions —The recommended annual contribution is defined by the rate of contribution and covered payroll. The rate of contribution is determined by dividing the present value of unfunded future benefits by the present value of future payroll of all members. The Retirement System's contribution rate by statute may not be less than 17% of covered payroll. GASB Statement No. 25 defines a term, the Annual Required Contribution which is equal to the Cities contribution rate (prior to adjustment for minimum contribution rates or state contributions) multiplied by the covered payroll for the fiscal year.

Present Value of Accrued Benefits —Another objective of preparing the actuarial valuation is to evaluate the funding status of the Retirement System. A comparison of the market value of assets with the present value of accrued benefits is displayed for the current and prior year.

ACTUARIAL VALUATION RESULTS

Retirement System Assets – Market Value

Year Ending June 30, 2004

		<u>Market Value</u>
Assets at June 30, 2003		\$1,137,102,633
Receipts		
Member Contributions	\$ 16,772,145	
Cities Contributions	36,868,735	
State Contributions	2,745,784	
Investment Income	215,133,264	
Securities Lending Expenses	(788,830)	
Investment Management Expenses	(6,170,747)	
Other	<u>73,612</u>	
Total Receipts		\$ 264,633,963
Disbursements		
Pensions Paid to Inactive Members	\$ (75,624,902)	
Termination Withdrawals	(1,227,062)	
Administrative Expenses	(1,095,066)	
Disability Expenses	(78,579)	
Other	<u>(19,463)</u>	
Total Disbursements		\$ (78,045,072)
Assets at June 30, 2004		\$1,323,691,524

ACTUARIAL VALUATION RESULTS

Retirement System Assets – Actuarial Value

Year Ending June 30, 2004

1.	Actuarial Value of Assets at July 1, 2003	\$1,255,190,585
2.	Contributions for 2003 Plan Year (Members, Cities and State)	56,386,664
3.	Benefit distributions and refunds for 2003 plan year	(76,851,964)
4.	Noninvestment Expenses	
	a. Administrative Expenses	(1,095,066)
	b. Disability Expenses	<u>(78,579)</u>
	c. Total	(1,173,645)
5.	Expected return on Assets for year at 7.5%	84,485,907
6.	Asset gains/(losses) for prior four plan years	
	a. 2003	123,741,929
	b. 2002	(24,632,906)
	c. 2001	(117,544,199)
	d. 2000	<u>(163,364,690)</u>
	e. Total	(181,799,866)
7.	Asset gains/(losses) to be recognized, 25% x 6e.	(45,449,967)
8.	Actuarial Value of Assets at July 1, 2004 = 1 + 2 + 3 + 4c + 5 + 7	\$1,272,587,580

ACTUARIAL VALUATION RESULTS
Retirement System Liabilities and Contributions

Present Value of Unfunded Future Benefits	As of July 1	
	2003	2004
1. Actuarial Present Value of all Future Benefits		
a. Active members		
Service retirements	\$ 669,442,382	\$ 695,060,636
Ordinary disability	80,045,258	82,703,060
Accidental disability	214,179,002	221,660,921
Ordinary death	24,885,118	25,613,982
Accidental death	27,205,142	28,005,752
Withdrawal	21,686,666	22,230,232
Total Active	1,037,443,568	1,075,274,583
b. Inactive members		
Members receiving benefits	865,994,214	926,945,896
Deferred vested terminations	22,553,192	23,212,009
Refund of member contributions due	293,761	288,738
Total Inactive	888,841,167	950,446,643
c. Total Present Value of Future Benefits	1,926,284,735	2,025,721,226
2. Actuarial Value of Plan Assets	1,255,190,585	1,272,587,580
3. Actuarial Present Value of Future Member Contributions	175,131,086	180,436,807
4. Present Value of Unfunded Future Benefits (1) – (2) – (3)	495,963,064	572,696,839
 Determination of Preliminary Total Contribution		
5. Present value of future payroll of all covered members	1,873,059,739	1,929,805,420
6. Total (Cities plus State) normal contribution (4) ÷ (5)	26.48%	29.68%
7. Covered payroll	180,390,246	186,919,429
8. Preliminary total contribution from Cities and State (6) x (7)	47,767,337	55,477,687

ACTUARIAL VALUATION RESULTS
Retirement System Liabilities and Contributions
(continued)

Determination of Cities' Contribution

9. Estimated State Contribution	2,816,189	2,745,784
10. Estimated State Contribution as a percent of payroll (9) ÷ (7)	1.56%	1.47%
11. Preliminary Cities' Contribution (8) – (9)	44,951,148	52,731,903
12. Cities' contribution as a percent of payroll (11) ÷ (7)	24.92%	28.21%
13. Minimum required contribution rate for Cities	17.00%	17.00%
14. Cities' contribution (Greater of 12 or 13) x (7)	\$44,953,249	\$52,729,971

ACTUARIAL VALUATION RESULTS

Actuarial Present Value of Accrued Benefits

		As of July 1	
		2003	2004
1.	Present value of vested accrued benefits		
a.	Present value of vested accrued benefits for active members	\$481,190,804	\$514,456,886
b.	Present value of benefits for terminated members	22,846,953	23,500,747
c.	Present value of benefits being paid to retirees and beneficiaries	865,994,214	926,945,896
	Total	\$1,370,031,971	\$1,464,903,529
2.	Present value of accrued nonvested benefits	59,077,667	46,338,026
3.	Present value of all accrued benefits (1) + (2)	\$1,429,109,638	\$1,511,241,555
4.	Market value of assets	\$1,137,102,633	\$1,323,691,524
5.	Ratio of market value of assets to the present value of all accrued benefits (4) ÷ (3)	80%	88%
6.	Ratio of market value of assets to the present value of vested accrued benefits (4) ÷ (1)	83%	90%

ACTUARIAL VALUATION RESULTS

Change in Actuarial Present Value of Accrued Benefits

The change in actuarial present value of accrued benefits due to various factors including benefits accumulated, the passage of time, benefits paid, changes in assumptions and changes in System provisions is displayed below.

Actuarial present value of accrued benefits on July 1, 2003	\$1,429,109,638
---	-----------------

Change in present value of accrued benefits from July 1, 2003 to July 1, 2004 due to:

- | | |
|-----------------------------------|---------------|
| • Additional benefits accumulated | \$ 54,630,506 |
| • Interest due to passage of time | 104,353,375 |
| • Benefits paid | (76,851,964) |
| • Change in assumptions | 0 |
| • Changes in System provisions | <u>0</u> |

Actuarial present value of accrued benefits on July 1, 2004	\$1,511,241,555
---	-----------------

SYSTEM EXPERIENCE

During the plan year July 1, 2003 to June 30, 2004, actual experience differed from that expected by the actuarial assumptions, as summarized below.

Decrement Type	Expected	Actual
Actives		
Service Retirement	60	79
Accidental Disability	31	36
Ordinary Disability	14	7
Accidental Death	5	3
Ordinary Death	7	3
Withdrawal	79	74
Inactives		
Beneficiary Death	39	35
Disabled Death	36	21
Retirement Death	55	45
Vested Termination Death	1	0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Interest Rate 7.5%

Salary Increase Rate Rates varying based on age. Annual rates at sample ages are displayed below:

Age	Rate
20	12.59%
25	8.67%
30	5.95%
35 or Over	4.50%

Mortality Rates

Pre-retirement Mortality

- Ordinary

Rates varying by age – Sample rates:

Age	Rate
20	0.06%
25	0.07
30	0.08
35	0.12
40	0.16
45	0.20
50	0.29
55	0.38
60	0.56
65	0.75

- Accidental

Rates varying by age – Sample rates:

Age	Rate
20	0.11%
25	0.07
30	0.06
35	0.06
40	0.06
45	0.09
50	0.24
55	0.47
60	0.75
65	1.38

SUMMARY OF ACTUARIAL ASSUMPTIONS

Post-retirement Mortality

- Ordinary

A weighting equal to 9/12 of the 1971 Group Annuity Mortality Table, Male and Female and 3/12 of the 1994 Group Annuity Mortality Table, Male and Female.

- Disabled

A weighting equal to 9/12 of the 1971 Group Annuity Mortality Table – Male, set forward six years and 3/12 of the 1994 Group Annuity Mortality Table - Male, set forward six years.

Disability Rates

- Ordinary

Rates varying by age – Sample rates:

Age	Rate
20	0.12%
25	0.12
30	0.12
35	0.15
40	0.24
45	0.37
50	0.59
55	1.09
60	2.08
65	3.39

- Accidental

Rates varying by age – Sample rates:

Age	Rate
20	0.11%
25	0.11
30	0.11
35	0.11
40	0.30
45	0.68
50	1.31
55	2.97
60	6.19
65	7.09

SUMMARY OF ACTUARIAL ASSUMPTIONS

Turnover Rates

Rates varying by age - Sample rates:

Age	Rate
20	7.11%
25	5.81
30	4.51
35	2.71
40	1.08
45	0.20
50	0.20
55	0.00
60	0.00
65	0.00

Retirement Age

Rates varying by age – Sample rates:

Age	Rate
55 – 56	35 %
57 – 60	25
61	30
62	35
63	40
64	45
65	100 %

SUMMARY OF ACTUARIAL ASSUMPTIONS

Administrative Expenses	None assumed.
Percentage Married	85%
Spouses' Age	Wives are three years younger than husbands.
Number of Children	2.5 per couple.
Participating Payroll	Actual annualized earnable compensation reported for prior plan year increased to the current plan year based on the System's assumed salary increase rate.

SUMMARY OF ACTUARIAL METHODS

Actuarial Cost Method

The Aggregate Actuarial Cost Method was used to determine recommended contributions. Using this method, the present value of projected benefits to be funded by future contributions is determined by subtracting the actuarial value of plan assets and the actuarial present value of future member contributions from the actuarial present value of projected benefits. This result, the present value of unfunded future benefits, is divided by the present value of future salaries of active members included in the valuation to determine a normal cost accrual rate. The normal cost accrual rate is multiplied by the total of current annual salaries of members in the valuation to determine the recommended contribution.

Using the Aggregate Method, gains and losses that arise due to actual experience are not directly determined and recognized each year. Gains and losses are included in the present value of unfunded future benefits and affect the normal cost accrual rate. As a result, gains and losses are spread over the remaining period to retirement of members in the valuation and are recognized as a portion of future annual contributions.

Actuarial Asset Valuation Method

The preliminary actuarial value is equal to the prior year's actuarial value (starting with the market value as of July 1, 1992) adjusted for contributions, disbursements and expected return on investments. The preliminary value is then increased by 25% of any investment gains or (losses) during the four prior plan years.

SUMMARY OF SYSTEM PROVISIONS

The System was first established, effective January 1, 1992, by Chapter 411 of the Code of Iowa by combining each city's fire retirement system and police retirement system into a single statewide retirement system for fire fighters and police officers. Plan amendments through July 1, 2004 are reflected in this summary.

Participation	Each person who becomes a permanent full-time police officer or fire fighter in a participating city.												
Membership Service	From date of employment to date of separation from employment.												
Earnable Compensation	The annual compensation which a member receives for services rendered as a police officer or fire fighter in the course of employment with a participating City, except for amounts received for overtime, meal or travel expenses, uniform allowances, fringe benefits, severance pay, mandatory deferred compensation, and accumulated sick leave or vacation pay.												
Contributions													
Members	The following percentages of Earnable Compensation: <table><thead><tr><th>Effective Date</th><th>Percentage</th></tr></thead><tbody><tr><td>October 16, 1992</td><td>6.10%</td></tr><tr><td>July 1, 1993</td><td>7.10</td></tr><tr><td>July 1, 1994</td><td>8.10</td></tr><tr><td>January 1, 1995</td><td>8.35</td></tr><tr><td>July 1, 1995</td><td>9.35</td></tr></tbody></table>	Effective Date	Percentage	October 16, 1992	6.10%	July 1, 1993	7.10	July 1, 1994	8.10	January 1, 1995	8.35	July 1, 1995	9.35
Effective Date	Percentage												
October 16, 1992	6.10%												
July 1, 1993	7.10												
July 1, 1994	8.10												
January 1, 1995	8.35												
July 1, 1995	9.35												
Cities	The amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial principles but not less than 17% of the Earnable Compensation of the active members.												
State	The annual appropriation from the State of Iowa to fund benefits is about \$2,745,784 a year.												

SUMMARY OF SYSTEM PROVISIONS

Average Final Compensation

The average Earnable Compensation of the member during the three years of service the member earned their highest salary as a police officer or fire fighter.

Service Retirement Benefit

Eligibility

After age 55 and completion of 22 years of service.

Benefit

Monthly annuity equal to 66.0% of Average Final Compensation plus 2.0% of Average Final Compensation for each year of service in excess of 22 years (up to 8 additional years). The maximum benefit is 82.0% of Average Final Compensation.

Termination Benefit

Eligibility

At least 4 years of service upon termination of membership before age 55, or at least 4, but less than 22 years of service upon termination of membership after age 55.

Benefit

Monthly annuity payable at age 55 or current age, if later, equal to 66.0% of Average Final Compensation plus 2.0% of Average Final Compensation for each year of service in excess of 22 years (up to 8 additional years), if any, times a ratio equal to service at termination divided by 22 (ratio not to exceed 1.0).

Effective July 1, 1990, members who terminate service, other than by death or disability, can elect to withdraw their accumulated contributions with interest in lieu of any benefits to which the member may be entitled to from the System.

SUMMARY OF SYSTEM PROVISIONS

Ordinary Disability Benefit

Eligibility	A member in good standing at any age and any length of service.
Benefit	Monthly annuity payable upon disability equal to either (a) or (b) below, but no less than (c): (a) If service at disability is greater than or equal to 5, 50% of Average Final Compensation; or (b) If service at disability is less than 5, 25% of Average Final Compensation; (c) The benefit determined using the Service Retirement formula based on service and Average Final Compensation at the date of disability.

Accidental Disability Benefit

Eligibility	A member in good standing at any age and any length of service.
Benefit	A monthly annuity equal to 60% of Average Final Compensation but no less than the benefit determined using the Service Retirement formula based on service and Average Final Compensation at the date of disability.

Ordinary Death Benefit

Eligibility	For members in service: any age and any length of service. For member not in service: 4 years of service.
Benefit	Upon death of the member, either (a) or (b) below: (a) A lump sum equal to 50% of Earnable Compensation during the last year of employment; or

SUMMARY OF SYSTEM PROVISIONS

- (b) A monthly annuity equal to 40% of average final compensation but not less than 20% of the average Earnable Compensation of an active member of the System, as reported by the actuary. For a member not in service, the monthly annuity is payable on the date the member would have reached age 55, except if there is a dependent child, it is paid immediately upon death of the member.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary. This benefit is payable until the child reaches age 18 or 22 (if a full-time student) or payable for life if the child is disabled.

Accidental Death Benefit

Eligibility

Death from causes sustained in the line of duty.

Benefit

A monthly annuity equal to 50% of Average Final Compensation payable to surviving spouse, dependent child or dependent parents. In addition, a lump sum of \$100,000 is payable to the surviving spouse, dependent child or dependent parents if death is due to a traumatic personal injury incurred in the line of duty.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

Death After Retirement

Eligibility

Death of member while receiving a service (basic benefit only), ordinary, accidental or vested (basis benefit only) retirement.

SUMMARY OF SYSTEM PROVISIONS

Benefit To surviving spouse, 50% of the gross monthly benefit of the retired member but not less than 20% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

Annual Escalator Benefit

Eligibility All retired members, except for vested retirements, and for beneficiaries, except for beneficiaries of vested retirements.

Benefit The monthly pension benefit is increased each July 1 by the sum of (a) plus (b) below:

- (a) The previous monthly benefit multiplied by 1.5%, and
- (b) An additional dollar amount from the table below based on the number of years the member has been retired.

Amount	Years of Retirement
\$15	Less than 5
20	5 – 9
25	10 – 14
30	15 – 19
35	20 or More

Normal Form of Benefit

Married Joint and 50% Survivor Annuity.

Single Life Only Annuity.

SUMMARY OF SYSTEM MEMBERS

	July 1		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Active Members			
Number	3,805	3,825	3,775
Average Attained Age	39.8	39.8	40.0
Average Past Service	13.2	13.1	13.2
Total Annual Compensation	\$173,140,899	\$180,390,246	\$186,919,429
Average Annual Compensation	45,504	47,161	49,515
Non-Active Members in Pay Status			
Number	3,248	3,329	3,419
Average Age (excluding children)	67.0	67.1	67.3
Total Annual Benefits	\$68,407,755	\$73,916,556	\$79,901,880
Average Annual Benefit	21,062	22,204	23,370
Non-Active Members with Deferred Benefits			
Number*	244	253	252
Average Age	45.2	45.1	45.4
Total Annual Benefits	\$3,242,136	\$3,361,260	\$3,408,852
Average Annual Benefit	13,287	13,286	13,527

* Excludes 90, 86 and 87 terminated nonvested members who have not yet received a refund of contributions for 2002, 2003 and 2004 respectively.

SUMMARY OF SYSTEM MEMBERS

Reconciliation of Participant Counts

	Active	Terminated Vested	In Pay Status			Total
			Beneficiaries	Disableds	Retirees	
Number as of July 1, 2003	3,825	253	883	1,000	1,446	7,407
Change due to:						
New hires and rehires	159	0	0	0	0	159
Terminations	(38)*	25	0	0	0	(13)
Retirement	(79)	(14)	0	0	93	0
Disability	(43)	0	0	43	0	0
Death without Beneficiary	0	0	(35)	(5)	(10)	(50)
Death with Beneficiary	(6)	0	68	(16)	(35)	11
Refund Paid Out	(44)**	(10)	0	0	0	(56)
Benefit Aged Out	0	0	(12)	0	0	(12)
Other	1	(2)	0	(1)	0	0
Number as of July 1, 2004	3,775	252	904	1,021	1,494	7,446

* Three of the Terminations are from new hires during the period July 1, 2003 to June 30, 2004.

** Five of the Refunds Paid Out are from new hires during the period July 1, 2003 to June 30, 2004.

SUMMARY OF SYSTEM MEMBERS

Active Members — As of July 1, 2004

Age	Years of Service								Total	Average Annual Salary
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+		
Under 25	116	0	0	0	0	0	0	0	116	\$37,259
25-29	400	97	0	0	0	0	0	0	497	\$42,197
30-34	268	374	65	0	0	0	0	0	707	\$45,148
35-39	122	203	243	88	0	0	0	0	656	\$47,550
40-44	46	99	156	185	77	5	0	0	568	\$51,582
45-49	12	32	50	123	167	142	0	0	526	\$55,196
50-54	1	12	20	59	96	268	108	1	565	\$56,517
55-59	2	2	4	11	11	33	46	15	124	\$59,198
60+	0	0	0	0	1	6	0	9	16	\$56,808
Total	967	819	538	466	352	454	154	25	3,775	
Average Annual Salary	\$40,773	\$47,227	\$50,054	\$52,855	\$55,477	\$58,440	\$61,812	\$67,004		\$49,515

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2004

Service Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55 – 59	275	\$11,306,760	\$41,115
60 – 64	290	10,175,928	35,089
65 – 69	229	6,620,820	28,912
70 – 74	184	4,611,024	25,060
75 – 79	172	3,876,720	22,539
80 – 84	115	2,277,300	19,803
Over 84	<u>66</u>	<u>1,211,916</u>	<u>18,362</u>
Total	1,331	\$40,080,468	\$30,113

Vested Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55 – 59	63	\$ 943,824	\$14,981
60 – 64	35	490,404	14,012
65 – 69	35	349,848	9,996
70 – 74	17	116,604	6,859
75 – 79	11	54,156	4,923
80 – 84	0	0	0
Over 84	<u>2</u>	<u>10,536</u>	<u>5,268</u>
Total	163	\$1,965,372	\$12,057

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2004

Accidental Disability

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	16	\$ 388,644	\$24,290
40 – 44	32	814,116	25,441
45 – 49	57	1,492,440	26,183
50 – 54	120	3,390,468	28,254
55 – 59	186	5,578,740	29,993
60 – 64	154	4,306,920	27,967
65 – 69	118	3,141,552	26,623
70 – 74	84	2,067,240	24,610
75 – 79	42	999,936	23,808
80 – 84	25	616,680	24,667
Over 84	<u>16</u>	<u>342,324</u>	<u>21,395</u>
Total	850	\$23,139,060	\$27,222

Ordinary Disability

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	8	\$ 168,792	\$21,099
40 – 44	11	230,412	20,947
45 – 49	15	324,852	21,657
50 – 54	28	646,056	23,073
55 – 59	32	836,364	26,136
60 – 64	25	580,308	23,212
65 – 69	25	486,744	19,470
70 – 74	11	177,660	16,151
75 – 79	11	188,508	17,137
80 – 84	3	50,208	16,736
Over 84	<u>2</u>	<u>26,376</u>	<u>13,188</u>
Total	171	\$3,716,280	\$21,733

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2004

Beneficiaries (Spouse)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	10	\$ 164,496	\$16,450
40 – 44	8	114,228	14,279
45 – 49	20	299,628	14,981
50 – 54	40	647,676	16,192
55 – 59	37	557,136	15,058
60 – 64	97	1,306,296	13,467
65 – 69	70	918,768	13,125
70 – 74	126	1,594,644	12,656
75 – 79	142	1,680,780	11,836
80 – 84	128	1,554,960	12,148
Over 84	<u>163</u>	<u>1,915,896</u>	<u>11,754</u>
Total	841	\$10,754,508	\$12,788

Beneficiaries (Children)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 3	1	\$ 2,952	\$2,952
3 – 5	3	9,216	3,072
6 – 8	3	10,248	3,416
9 – 11	3	10,596	3,532
12 – 14	7	24,240	3,463
15 – 17	13	47,352	3,642
18 – 20	17	77,028	4,531
Over 20	<u>16</u>	<u>64,560</u>	<u>4,035</u>
Total	63	\$246,192	\$3,908

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2004

Terminated Vested

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	57	\$ 452,172	\$ 7,933
40 – 44	50	709,320	14,186
45 – 49	64	988,500	15,445
50 – 54	81	1,258,860	15,541
Over 54	<u>0</u>	<u>0</u>	<u>0</u>
Total	252	\$3,408,852	\$13,527